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13 Proposed Attorneys for Debtors and Debtors-in-Possession

14 **UNITED STATES BANKRUPTCY COURT**

15 **DISTRICT OF NEVADA**

In re: USA COMMERCIAL MORTGAGE COMPANY, Debtor.	Case No. BK-S-06-10725 LBR Case No. BK-S-06-10726 LBR Case No. BK-S-06-10727 LBR Case No. BK-S-06-10728 LBR Case No. BK-S-06-10729 LBR
In re: USA CAPITAL REALTY ADVISORS, LLC, Debtor.	Chapter 11
In re: USA CAPITAL DIVERSIFIED TRUST DEED FUND, LLC, Debtor.	<b>Jointly Administered Under Case No. BK-S-06-10725 LBR</b>
In re: USA CAPITAL FIRST TRUST DEED FUND, LLC, Debtor.	
In re: USA SECURITIES, LLC, Debtor.	
Affects: <input checked="" type="checkbox"/> All Debtors <input type="checkbox"/> USA Commercial Mortgage Company <input type="checkbox"/> USA Securities, LLC <input type="checkbox"/> USA Capital Realty Advisors, LLC <input type="checkbox"/> USA Capital Diversified Trust Deed Fund, LLC	Date: Time:

1                    USA First Trust Deed Fund, LLC

2

3                   **SECOND SUPPLEMENTAL DECLARATION OF THOMAS J. ALLISON UNDER RULE**

4                   **2014 (a) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE IN**

5                   **CONNECTION WITH (I) THE EMPLOYMENT AND RETENTION OF MESIROW**

6                   **FINANCIAL INTERIM MANAGEMENT, LLC AS CRISIS MANAGERS FOR THE**

7                   **DEBTORS, AND (II) THE DESIGNATION OF THOMAS J. ALLISON OF MESIROW**

8                   **FINANCIAL INTERIM MANAGEMENT, LLC AS CHIEF RESTRUCTURING OFFICER**

9                   **FOR THE DEBTORS AND THE EMPLOYMENT OF CERTAIN TEMPORARY**

10                  **EMPLOYEES (AFFECTS ALL DEBTORS)**

I, Thomas J. Allison hereby state and declare:

1. I am a Senior Managing Director of Mesirow Financial Interim Management, LLC (“MFIM”), a professional services firm engaged in the business of providing interim management services. I submit this second supplemental declaration (the “Second Supplemental Declaration”) on behalf of MFIM, pursuant to Rule 2014 (a) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) with respect to the retention and employment of MFIM as crisis manager and Thomas J. Allison of MFIM as designated Chief Restructuring Officer (together with certain temporary employees provided by MFIM) for the above captioned debtors and debtors-in-possession (each a “Debtor” and collectively, the “Debtors”). I have personal knowledge of the matters set forth herein, and if called as a witness, would testify competently thereto.<sup>1</sup>
2. The Declaration Of Thomas J. Allison In Support Of Debtors’ Motion (the “Employment Motion”) For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the “Original Declaration”) was filed with this Court on April 14, 2006.

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1                   Certain of the disclosures herein relate to matters within the knowledge of other professionals at MFIM.

3. On April 19, 2006, the Court entered an order allowing the Employment Motion on an interim basis (the “First Interim Employment Order”) until July 27, 2006.
4. A First Supplemental Declaration Of Thomas J. Allison In Support Of Debtors’ Motion For Order Authorizing (I) The Employment And Retention Of Mesirow Financial Interim Management, LLC As Crisis Managers For The Debtors, And (II) The Designation Of Thomas J. Allison Of Mesirow Financial Interim Management, LLC As Chief Restructuring Officer Of The Debtors And The Employment Of Certain Temporary Employees (the “First Supplemental Declaration”) was filed with this Court on June 13, 2006.
5. On August 11, 2006, pursuant to a hearing on July 25, 2006, this Court entered an order (the “Second Interim Employment Order”) allowing the Employment Motion for an additional interim period until October 2, 2006.
6. Pursuant to a hearing on September 28, 2006, this Court approved the Employment Motion for an additional interim period until December 15, 2006. The Court has not yet entered an order memorializing this ruling.
7. The Employment Motion, the Original Declaration, the First Supplemental Declaration, the First Interim Employment Order and the Second Interim Employment Order are incorporated herein by reference, as if fully set forth herein.

### **Additional Disclosures**

8. This Second Supplemental Affidavit discloses the following additional connections noted since the Original Declaration was filed on April 14, 2006 and the First Supplemental Declaration was filed on July 13, 2006.
    - a. **Insurance Coverage**-MFIM disclosed in its Original Declaration and First Supplemental Declaration that MFIM is a wholly-owned subsidiary of Mesirow Financial Holdings, Inc., a diversified financial services firm which also offers services in investment management, insurance, investment, investment banking and real estate (collectively “Mesirow Financial”). USA Commercial Mortgage Company (“USACM”) sought to obtain general liability, auto liability,

property, and commercial umbrella insurance for expiring insurance policies (“Insurance Policies”) through its incumbent insurance broker as well as other brokers (collectively, the “Brokers”). However, the Brokers were unable to place insurance coverage for the expiring Insurance Policies. At the request of Mark L. Olsen, Chief Operating Officer of USACM, Mesirow Insurance Services, Inc. obtained the necessary coverage with Hartford Casualty Insurance Company (“Hartford”) effective August 15, 2006 at a total annual insurance premium amount of \$12,204. Mesirow Insurance Services, Inc. will receive a commission related to these Insurance Policies from Hartford in the amount of approximately \$2,196.

- b. **Retention of Greenberg, Traurig LLP-MFIM** generally retains, and has retained in these cases, the law firm of Greenberg Traurig, LLP (“Greenberg”) to represent MFIM on fee and retention issues. Greenberg also represents a party that has conducted due diligence regarding a possible transaction to acquire certain assets of these Debtors. I am informed that Greenberg has established ethical walls between the engagement personnel serving MFIM and the potential acquirer.
  - c. **Employment of Andrew Jarvis**-Andrew Jarvis has accepted a position with Mesirov Financial Consulting, LLC, an affiliate of MFIM, beginning October 2, 2006. Mr. Jarvis is the son of Annette W. Jarvis, who is a member of the law firm of Ray Quinney & Nebeker P.C. (“RQN”). RQN serves as lead counsel to the Debtors in these Chapter 11 cases. Mr. Jarvis will not provide any services to these Debtors.
  - d. **Updated Search of Database**-In addition, MFIM has updated its search of MFIM’s relationship database for those parties in interest set forth on Exhibit A, which is attached hereto and incorporated herein by reference. MFIM has disclosed on Exhibit B, which is attached hereto and incorporated herein by

1 reference, any additional connections to those parties in interest set forth on  
2 Exhibit A, all of which are unrelated to the Debtors, their estates or these cases.

- 3 9. If and when additional information becomes known with respect to any other  
4 relationships that may exist between MFIM, or its professionals and the Debtors,  
5 creditors, or any other party-in-interest which may affect these cases, supplemental  
6 declarations describing such information will be filed with the Court.  
7 10. Subject to the Original Declaration, the First Supplemental Declaration and this  
8 Second Supplemental Declaration, to the best of my knowledge, MFIM does not  
9 hold or represent an interest adverse to the estates and remains a "disinterested  
10 person" as that term is defined in section 101(14) of the Bankruptcy Code.  
11 11. To the best of my knowledge, except as disclosed in the Original Declaration, the  
12 First Supplemental Declaration, or as set forth herein, MFIM has no other  
13 connections with the Debtors, creditors and any other party-in-interest, or their  
14 respective attorneys and advisors.

15 I declare, under penalty of perjury, that, to the best of my knowledge, information and  
16 belief, that the foregoing is true and correct.

17 18 Mesirow Financial Interim Management, LLC

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20 By \_\_\_\_\_

21 Thomas J. Allison  
Senior Managing Director  
Mesirow Financial Interim Management, LLC  
22 321 North Clark Street  
13<sup>th</sup> Floor  
23 Chicago, IL 60610  
24  
25  
26  
27  
28

Exhibit A

This information is being provided in connection with the Second Supplemental Declaration of Thomas J. Allison with respect to the retention and employment of Mesirow Financial Interim Management, LLC ("MFIM") as Crisis Managers for the Debtors and Thomas J. Allison of MFIM as Chief Restructuring Officer of the Debtors and the Employment of Certain Temporary Employees. MFIM has searched its client databases for connections to the names

Committee Members, Participants and Professionals

William J. Bullard  
Fertitta Enterprises, Inc.  
Helms Homes, LLC  
Terry Helms Living Trust  
Terry Helms  
Homfeld II, LLC  
Edward W. Homfeld  
Arthur Polacheck  
Glorianna Polacheck  
Dennis Flier, Inc. Defined Benefit Trust  
Dennis Flier  
James W. McCollum  
Pamela P. McCollum  
Gordon & Silver, Ltd  
Robert E. Taylor  
Chuck Heinrichs  
John H. Warner  
Mary E. & Matthew J. Moro, JTWROS  
Matthew J. Moro  
Matthew J. Moro  
Richard G. Woudstra Revocable Trust  
Richard G. Woudstra  
Wen Baldwin Separate Property Trust  
Wen Baldwin  
John Goings  
Joseph S. Congress  
Stutman, Treister & Glatt, P.C.  
Shea & Carlyon, Ltd.  
Alvarez & Marsal LLC  
Robert Worthen  
Katz 2000 Separate Property Trust  
Sara M. Katz  
Thomas C. Lawyer Family Trust  
Thomas C. Lawyer  
Richard Horowitz  
Jerry T. McGimsey  
Maryan Rutar  
Charles O. Nichols  
Kurt Hunsberger  
The Gannaway Charitable Remainder Trust  
Robert H. Mansfield

Exhibit A

Robert Hardy  
Orrick, Herrington, & Sutcliffe LLP  
Beckley Singleton, Chtd  
FTI Consulting  
Del Bunch  
Loan Partners Capital  
Donald R. Walker  
Russell/AD Development Group, LLC  
Robert Russell  
Annee Nounna  
Advanced Information Systems, Inc.  
Michael T. Yoder  
Robert L. Haigmaier  
Larry L. Rieger and Patsy R. Rieger Revocable Trust  
Larry L. Rieger  
John Bauer IRA  
John Bauer  
Broadwalk Investments Limited Partnership  
James R. Bonfiglio  
Charles N. Hainsworth  
Nevada State Bank  
Lewis and Roca, LLP  
Sierra Consulting Group, LLC

Other Parties of Interest and Unsecured Creditors

Greenberg Traurig, LLP  
Silver Point Finance, LLC  
SPCP Group, LLC  
USA Investment Partners, LLC  
USA Commercial Real Estate Group  
Joseph D. Milanowski  
Thomas A. Hantges  
Paul S. Hamilton  
Ray Quinney & Nebeker  
Schwartz & McPherson Law Firm  
Pecos Professional Park  
Haspinov, LLC.  
USA Capital RE Group  
US Bank  
Goold Patterson Ales & Day  
West Coast Life Insurance Company  
RD Advertising  
Redwood Prop  
Special Order Systems  
Scotsman Publishing, Inc.

**Exhibit B**

This information is being provided in connection with the Second Supplemental Declaration of Thomas J. Allison with respect to the retention and employment of Mesirow Financial Interim Management, LLC as Crisis Managers for the Debtors and Thomas J. Allison of MFIM as Chief Restructuring Officer of the Debtors and the Employment of Certain Temporary Employees. MFIM, Mesirow Financial Consulting, LLC or Mesirow Financial currently performs

Greenberg Traurig, LLP  
Gordon & Silver, Ltd  
Silver Point Finance, LLC  
SPCP Group, LLC  
West Coast Life Insurance Company